



# Consolidated Financial Statements

**June 30, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-10-08

**P&N**

**LSU FOUNDATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
LSU Foundation  
Baton Rouge, Louisiana

We have audited the accompanying consolidated statements of financial position of the LSU Foundation, the LSU Property Foundation, the LSU Marine Property Foundation, and the LSU Museum, LLC as of June 30, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes the consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the LSU Foundation, the LSU Property Foundation, the LSU Marine Property Foundation, and the LSU Museum, LLC as of June 30, 2008 and 2007, and the consolidated statements of their activities and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
August 21, 2008

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2008 and 2007**

**ASSETS**

	<u>2008</u>	<u>2007</u>
<b><u>CURRENT ASSETS</u></b>		
Cash and cash equivalents	\$ 707,261	\$ 940,676
Restricted cash	22,187,175	12,522,101
Investments	58,658,251	58,630,143
Accrued interest receivable	1,894,182	2,194,561
Accounts receivable, net	238,167	996,285
Unconditional promises to give, net	11,006,637	7,099,141
Deferred charges and prepaid expenses	8,800	8,800
Total current assets	<u>94,700,473</u>	<u>82,391,707</u>
 <b><u>NONCURRENT ASSETS</u></b>		
Restricted assets:		
Investments	351,441,023	362,432,292
Investments - split-interest agreements	2,082,825	-
Assets held in split-interest agreements	702,435	-
Beneficial interest in split-interest agreements	512,477	-
Investment in partnership	19,366,959	19,962,538
Unconditional promises to give, net	28,959,126	25,849,717
Property and equipment, net	13,196,387	8,937,096
Other noncurrent assets	413,512	331,395
Total noncurrent assets	<u>416,674,744</u>	<u>417,513,038</u>
 <b>Total Assets</b>	 <u><u>\$ 511,375,217</u></u>	 <u><u>\$ 499,904,745</u></u>

The accompanying notes are an integral part of these statements.

## LIABILITIES AND NET ASSETS

	<u>2008</u>	<u>2007</u>
<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable and accrued liabilities	\$ 2,198,193	\$ 1,432,331
Current portion of amounts held in custody for others	8,932,225	8,233,621
Compensated absences payable	233,157	158,725
Current portion of bonds payable	628,395	628,395
Other current liabilities	200,177	161,300
Total current liabilities	<u>12,192,147</u>	<u>10,614,372</u>
<b><u>NONCURRENT LIABILITIES</u></b>		
Amounts held in custody for others	73,009,214	67,260,773
Refundable advances	3,761,046	2,017,280
Line of credit	6,081,300	-
Bonds payable, net of current portion	8,156,605	11,311,605
Total noncurrent liabilities	<u>91,008,165</u>	<u>80,589,658</u>
Total liabilities	<u>103,200,312</u>	<u>91,204,030</u>
<b><u>NET ASSETS</u></b>		
Unrestricted:		
Unrestricted - general	5,507,478	3,660,250
Board designated endowments	7,569,632	10,103,722
Net assets relating to partnership investment	19,366,959	19,962,538
Temporarily restricted	189,718,046	201,887,552
Permanently restricted	186,012,790	173,086,653
Total net assets	<u>408,174,905</u>	<u>408,700,715</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 511,375,217</u></u>	<u><u>\$ 499,904,745</u></u>

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Changes in unrestricted net assets:		
Contributions	\$ 723,949	\$ 727,996
Investment earnings	7,425,837	7,252,984
Total unrestricted revenues	8,149,786	7,980,980
Net assets released from restrictions:		
Satisfaction of program expenses	21,205,637	21,780,569
Total unrestricted revenues and other support	29,355,423	29,761,549
Expenses:		
Amounts paid to benefit Louisiana State University for:		
Projects specified by donors	21,966,138	21,350,992
Projects specified by the Board of Directors	1,419,907	1,292,235
Total program expenses	23,386,045	22,643,227
Supporting services:		
Salaries and benefits	5,188,998	4,285,448
Occupancy	137,049	118,476
Office operations	569,237	513,240
Travel	194,522	207,327
Professional services	554,815	378,715
Dues and subscriptions	69,829	48,522
Meetings and development	403,054	290,376
Depreciation	134,315	658,091
Total supporting services	7,251,819	6,500,195
Total expenses	30,637,864	29,143,422
Increase (decrease) in unrestricted net assets	(1,282,441)	618,127

The accompanying notes are an integral part of these statements.

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
Changes in temporarily restricted net assets:		
Contributions	\$ 31,829,994	\$ 47,007,836
Investment earnings	(22,624,963)	43,346,262
Loss on the disposition of property and equipment	(168,900)	(952,656)
Total temporarily restricted revenues	9,036,131	89,401,442
Net assets released from restrictions:		
Satisfaction of program expenses	(21,205,637)	(21,780,569)
<b>Increase (decrease) in temporarily restricted net assets</b>	<u>(12,169,506)</u>	<u>67,620,873</u>
Changes in permanently restricted net assets:		
Contributions	12,251,203	11,632,027
Investment earnings	674,934	173,895
<b>Increase in permanently restricted net assets</b>	<u>12,926,137</u>	<u>11,805,922</u>
<b>Increase (decrease) in net assets</b>	(525,810)	80,044,922
<b>Net assets - beginning of year</b>	<u>408,700,715</u>	<u>328,655,793</u>
<b>Net assets - end of year</b>	<u>\$ 408,174,905</u>	<u>\$ 408,700,715</u>

The accompanying notes are an integral part of these statements.



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2008 and 2007**

	<b><u>2008</u></b>	<b><u>2007</u></b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Contributions received	\$ 24,998,127	\$ 22,995,701
Interest and dividends received	19,748,670	15,286,428
Grants paid to benefit Louisiana State University	(23,386,045)	(22,643,227)
Cash paid for supporting services	(5,775,596)	(5,259,455)
Interest expense	(453,937)	(512,613)
Net cash provided by operating activities	<u>15,131,219</u>	<u>9,866,834</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of property and equipment	(7,046,675)	(333,745)
Proceeds from sales of property and equipment	19,812	165,765
Purchases of investments	(127,667,486)	(85,764,432)
Proceeds from sales and maturities of investments	106,695,307	55,759,895
Net increase in funds held in custody and refundable advances	6,447,045	11,275,181
Net cash used in investing activities	<u>(21,551,997)</u>	<u>(18,897,336)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Contributions restricted for endowment purposes	12,251,203	11,632,027
Proceeds from line of credit	6,081,300	-
Principal payments on bonds	(3,155,000)	(630,000)
Investment gains restricted for endowment purposes	674,934	173,895
Net cash provided by financing activities	<u>15,852,437</u>	<u>11,175,922</u>
<b><u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u></b>	<u>9,431,659</u>	<u>2,145,420</u>
<b><u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u></b>	<u>13,462,777</u>	<u>11,317,357</u>
<b><u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u></b>	<u>\$ 22,894,436</u>	<u>\$ 13,462,777</u>

The accompanying notes are an integral part of these statements.

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2008 and 2007**

**RECONCILIATION OF CHANGE IN NET**  
**ASSETS TO NET CASH PROVIDED**  
**BY OPERATING ACTIVITIES**

	<u>2008</u>	<u>2007</u>
Change in net assets	\$ (525,810)	\$ 80,044,922
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain) on investments	49,244,649	(25,646,024)
Loss on investment in partnership	595,579	517,755
Net gain on sales of investments	(15,192,811)	(9,833,283)
Depreciation	134,315	658,091
Amortization of bond issuance costs	8,800	8,800
Contributions restricted for endowment purposes	(12,251,203)	(11,632,027)
Investment gains attributable to endowment investments	(674,934)	(173,895)
Loss on disposals of property and equipment	168,900	952,656
(Increase) Decrease in accrued interest receivable	300,379	(351,266)
(Increase) Decrease in accounts receivable	758,118	(739,506)
Increase in unconditional promises to give	(8,827,007)	(30,147,764)
Increase (Decrease) in discount on unconditional promises to give	(1,724,729)	6,259,104
Increase (Decrease) in allowance for uncollectible accounts	3,534,831	(44,272)
Increase in split-interest agreements	(1,214,912)	-
Increase in other assets	(82,117)	(67,693)
Increase in accounts payable and other liabilities	879,171	61,236
Net cash provided by operating activities	<u>\$ 15,131,219</u>	<u>\$ 9,866,834</u>

The accompanying notes are an integral part of these statements.

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Significant Accounting Policies and Presentations**

**Organization and Purpose**

The LSU Foundation (the Foundation) is a non-profit organization which was organized to promote the educational and cultural welfare of the Louisiana State University System Office, the Louisiana State University and Agricultural and Mechanical College, the Louisiana State University Agricultural Center, and the Paul M. Hebert Law Center, herein collectively referred to as "the University", by accepting contributions for the purpose of providing scholarships, academic support, aiding research, and other designated projects for the benefit of the University.

**Consolidation**

The Foundation elects all of the members of the LSU Property Foundation's board of directors and, therefore, is considered to have a majority voting interest in the LSU Property Foundation's board. The LSU Property Foundation is the sole member of the LSU Marine Property Foundation. Also, the LSU Property Foundation is the sole member of the LSU Museum, LLC. As such, the consolidated financial statements of the Foundation include the accounts of the LSU Property Foundation, the LSU Marine Property Foundation, and the LSU Museum, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Cash Equivalents**

The Foundation considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Occasionally, the Foundation has deposits in excess of FDIC insured limits. Management believes the credit risk associated with these deposits is minimal.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Significant Accounting Policies and Presentations** (continued)

**Income Taxes**

The LSU Foundation, LSU Property Foundation and LSU Marine Property Foundation operate as public charities under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are exempt from federal and state income taxes and the excise tax which applies to certain foundations.

**Promises to Give**

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at their realizable value if they are expected to be collected in one year and at their fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. An allowance for doubtful accounts has been established based on management's assessment of collectibility.

**Property and Equipment**

Purchased property and equipment are recorded at cost. Property and equipment donated to the Foundation are recorded at their fair market values at the date of donation. Depreciation is provided over the estimated useful lives of exhaustible assets on a straight-line basis. Inexhaustible assets, such as artwork and collections, are not depreciated. These inexhaustible assets are evaluated for impairment periodically.

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. For those investments where quoted market prices are unavailable, management estimates fair value based on information provided by the fund managers or the general partners. Dividend, interest, and other investment income are recorded as increases in either unrestricted, temporarily restricted or permanently restricted net assets depending on donor stipulations.

Donated investments are recorded at their market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost basis of the securities sold, using the specific identification method. Realized gains and losses are recognized in the Foundation's current operations.

**Non-monetary Transactions**

The University provides insurance coverage and data processing services to the Foundation. In exchange for these services, the Foundation funds the purchase of a significant amount of supplies and equipment for use by the University in its normal operations. Both the University and the Foundation consider the values received to be commensurate with the values provided by the other party.

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Significant Accounting Policies and Presentations** (continued)

**Funds Held in Custody**

The Foundation considers all state matching funds and unexpended income from these funds to be reported as funds held in custody. Additionally, amounts held for other University affiliated foundations, liabilities associated with charitable gift annuities, and liabilities associated with charitable remainder trusts are also reported as funds held in custody. All funds held in custody are recorded at fair market value.

**Accrued Vacation Leave**

The Foundation records a liability for accrued vacation of its employees. The liability is included in the compensated absences payable line item on the statements of financial position at June 30, 2008 and 2007 in the amounts of \$233,157 and \$158,725, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Fair Values of Financial Instruments**

The Foundation's financial instruments, excluding investments which are described in Note 2, include cash and cash equivalents, bonds payable, and unconditional promises to give. The Foundation estimates that the fair values of all its financial instruments at June 30, 2008 and 2007 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position.

**Split-interest Agreements**

The Foundation is the beneficiary of various charitable gift annuities. Charitable gift annuities are arrangements between a donor and an organization in which the donor contributes assets to the organization in exchange for a promise by the organization to pay a fixed amount for a specified period of time to the donor or other parties designated by the donor. The assets received are recorded at fair market value and reported as investments - split-interest agreements on the statements of financial position. When the annuity is initially executed, the difference between the fair market value of assets received and the present value of the annuity payment liability is reported as contribution revenue in the statements of activities. On an annual basis, the annuity payment liability is revalued using present value techniques, based on actuarial assumptions, including applicable mortality tables. Changes in the present value of the annuity payment liability are reported in the statements of activities as a change in value of split-interest agreements. The present value of the liability is included in the statements of activities as funds held in custody.

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1. Significant Accounting Policies and Presentations** (continued)

**Reclassification**

Certain reclassifications have been made on the 2007 financial statements and footnotes to conform with the 2008 presentation. A reclassification that increased unrestricted net assets by \$3,264,852 and decreased temporarily restricted net assets by the same amount at June 30, 2007, is included in the accompanying financial statements. See Note 10.

**2. Investments**

Investments in debt and equity securities with readily determinable fair values are stated at their fair value based on quoted market prices and other fair value information. Investments were comprised of the following at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Certificate of deposit	\$ 395,000	\$ 395,000
Government obligations	46,541,051	103,621,507
Corporate obligations	53,100,248	12,582,722
Corporate stocks and common stock index mutual funds	172,915,575	210,225,775
Mortgage-backed securities and CMOs	45,521,816	52,793,505
Emerging market	6,766,025	5,484,918
Private equity	8,321,969	4,027,042
Hedged funds	60,399,607	31,038,964
Real estate investment trusts	17,092,221	-
Venture capital	457,434	221,849
Land	522,652	522,652
Royalty interest	148,501	148,501
	<u>\$ 412,182,099</u>	<u>\$ 421,062,435</u>

The certificate of deposit is currently pledged as collateral for a loan held by a donor-related party. The donor of the certificate stipulated that it remain as collateral for the loan until the indebtedness was paid in full. The loan is scheduled to mature in November 2012. The certificate of deposit, therefore, remains pledged as of June 30, 2008, and will remain pledged until the remaining balance is paid.

Investment earnings (losses) were comprised of the following for the years ended June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Interest and dividend income	\$ 20,123,225	\$ 15,811,589
Realized gains on sales of investments	15,192,811	9,833,283
Unrealized gain (loss) on investments	(49,244,649)	25,646,024
Unrealized loss on investment in Shaw Center for the Arts, LLC	(595,579)	(517,755)
	<u>\$ (14,524,192)</u>	<u>\$ 50,773,141</u>

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3. Split-Interest Agreements**

The Foundation serves as trustee for various charitable remainder trusts for which the Foundation is not the irrevocable beneficiary. The funds are held and administered by a third-party financial institution as an agent of the Foundation. The fair market value of the funds held is reported as an asset and corresponding liability in the statements of financial position. As of June 30, 2008, the fair market value of these charitable remainder trusts totaled \$702,435.

The Foundation is also the irrevocable beneficiary of two split-interest agreements for which the funds are held and administered by third parties. The Foundation's interest in the funds held by the third parties is measured at present value and reported as an asset in the statements of financial position as beneficial interest in split-interest agreements. As of June 30, 2008, the fair market value of the beneficial interests totaled \$512,477.

The Foundation has several charitable gift annuity arrangements with donors in which the Foundation has received assets from a donor in exchange for the Foundation's promise to pay the donor or his or her designee a fixed amount over a specified period of time. The assets are held as investments of the Foundation and are reported as investments-split interest agreements on the statements of financial position. The present value of the amount due to these donors or their designees as of June 30, 2008 and June 30, 2007 totaled \$1,133,488 and \$1,303,126 respectively and is included in the funds held in custody liability.

**4. Property and Equipment**

A summary of property and equipment at June 30, 2008 and 2007 follows:

	<u>2008</u>	<u>2007</u>
Computers	\$ 4,162,864	\$ 4,290,049
Furniture and equipment	363,375	474,873
Buildings	137,146	137,146
Construction in progress	<u>1,620,486</u>	<u>1,430,317</u>
	6,283,871	6,332,385
Less: accumulated depreciation	<u>( 4,339,009)</u>	<u>( 4,443,809)</u>
	1,944,862	1,888,576
Land	6,278,250	176,912
Artwork and other non-depreciable assets	<u>4,973,275</u>	<u>6,871,608</u>
	<u>\$ 13,196,387</u>	<u>\$ 8,937,096</u>

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**5. Funds Held In Custody**

Under agreements with the University and certain other charitable organizations which support the University, the Foundation manages and holds for deposit, designated funds for these entities. The funds being held at June 30, 2008 and 2007 were as follows:

	<u>2008</u>	<u>2007</u>
LSU - Alexandria Foundation	\$ 11,901,134	\$ 9,206,744
LSU - Eunice Foundation	1,662,790	1,283,249
Tiger Athletic Foundation	4,224,165	2,378,049
State Matching Funds Managed for the University	62,317,428	60,616,410
Split-interest agreements	<u>1,835,922</u>	<u>2,009,942</u>
	81,941,439	75,494,394
Less: portion classified as current	( 8,932,225)	( 8,233,621)
	<u>\$ 73,009,214</u>	<u>\$ 67,260,773</u>

**6. Retirement Contributions and Expense**

The Foundation has a 401(k) retirement plan for its employees. The Foundation contributes up to 7% of the employee's salary to the plan. An employee is vested 100% upon beginning employment with the Foundation. The retirement plan requires a minimum participation age of 21. The Foundation contributed \$243,792 and \$207,139 to the plan during the years ended June 30, 2008 and 2007, respectively.

**7. Operating Lease**

The Foundation leases office space from the LSU Alumni Association on a month-to-month basis. For the years ended June 30, 2008 and 2007, rent expense incurred under this agreement totaled approximately \$112,000 for each year.



**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**8. Net Assets Released From Donor Restrictions**

Net assets were released from donor restrictions by satisfaction of the restricted purposes or by occurrence of other events specified by the donors during the years ended June 30, 2008 and 2007, as follows:

	<u>2008</u>	<u>2007</u>
Chairs and professorships	\$ 2,836,467	\$ 2,249,811
Scholarships and fellowships	2,594,817	5,435,126
Specific academic and research projects	4,892,634	6,143,428
Academic support	5,798,111	3,702,462
Capital outlay and improvements	3,922,073	3,079,672
Research support	1,114,954	351,995
Institutional support	46,581	818,075
	<u>\$ 21,205,637</u>	<u>\$ 21,780,569</u>

**9. Net Assets**

Temporarily restricted net assets at June 30, 2008 and 2007 were available for grants to support Louisiana State University in the following general areas:

	<u>2008</u>	<u>2007</u>
Chairs and professorships	\$ 49,030,124	\$ 52,043,129
Scholarships and fellowships	26,038,331	25,824,156
Specific academic and research projects	25,155,332	41,336,331
Academic support	37,367,449	28,033,309
Capital outlay and improvements	29,213,148	23,601,120
Research support	4,478,512	5,531,298
Institutional support	18,435,150	25,518,209
	<u>\$ 189,718,046</u>	<u>\$ 201,887,552</u>

Permanently restricted net assets at June 30, 2008 and 2007 were restricted to investments in perpetuity, the income from which is expendable to support the activities below:

	<u>2008</u>	<u>2007</u>
Chairs and professorships	\$ 93,120,684	\$ 91,130,891
Scholarships and fellowships	44,537,533	42,047,462
Specific academic and research projects	26,088,514	23,296,998
Academic support	16,242,052	11,887,880
Capital outlay and improvements	808,403	797,618
Research support	1,727,565	1,604,564
Institutional support	3,488,039	2,321,240
	<u>\$ 186,012,790</u>	<u>\$ 173,086,653</u>

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**10. Board-Designated Endowment**

According to policy, the Foundation's Board of Directors has earmarked a portion of unrestricted and temporarily restricted net assets as board-designated endowed (quasi-endowed) funds to be invested to provide income for a long, but unspecified period. The principal of these board-designated funds, which results from internal designation, is not donor endowed and therefore is not classified as permanently restricted. Earnings on board endowed unrestricted funds of \$3,264,852 were inadvertently included in temporarily restricted net asset amounts in prior years. During the year ended June 30, 2008, these amounts were reclassified to unrestricted net assets. The following is a recap of these funds:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
Board-designated endowed funds June 30, 2008	\$ <u>7,569,632</u>	\$ <u>52,514,534</u>
Board-designated endowed funds June 30, 2007	\$ <u>10,103,722</u>	\$ <u>27,713,654</u>

**11. Unconditional Promises to Give**

Unconditional promises to give at June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Promises to give expected to be collected in:		
Less than one year	\$ 14,678,864	\$ 7,236,537
One to five years	24,712,294	23,193,824
More than five years	<u>9,309,010</u>	<u>9,442,800</u>
	48,700,168	39,873,161
Less discount on promises to give	( 5,062,178)	( 6,786,907)
Less allowance for uncollectible accounts	<u>( 3,672,227)</u>	<u>( 137,396)</u>
Net unconditional promises to give	\$ <u>39,965,763</u>	\$ <u>32,948,858</u>

The discount rate used in discounting unconditional promises to give was 4.70% and 6.25% as of June 30, 2008 and 2007, respectively.

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**12. Conditional Promises to Give**

The E. J. Ourso College of Business of Louisiana State University is conducting a capital campaign for the construction of a new business education complex. The Foundation has received conditional and unconditional pledges relating to this campaign. Conditional pledges for the construction of the complex totaled \$5.3 million and \$4.6 million as of June 30, 2008 and 2007, respectively. As of the years ended June 30, 2008 and 2007, the Foundation had received payments of approximately \$3,761,000 and \$2,017,000, respectively on these conditional pledges. Given these pledges do not meet the revenue recognition criteria under generally accepted accounting principles, they are not reflected as contributions in the statements of activities and the pledge payments received to date for these pledges will be reflected as refundable advances until the condition of the pledge agreement is met.

**13. Commitments**

The LSU Property Foundation had one project under construction as of June 30, 2008. The contract amount for this project has an estimated budget totaling \$510,000. The commitment remaining on this contract totals \$34,000 for the year ended June 30, 2008.

The Foundation committed \$1,350,000 to Louisiana Fund I, L.P., a Delaware Limited Partnership in October of 2004. As of June 30, 2008, capital contributions to date totaled \$553,500 to Louisiana Fund I.

**14. Bonds Payable**

On May 1, 2003, the Foundation participated in borrowing, along with several other organizations, the proceeds of revenue bonds totaling \$31,555,000 issued by the Louisiana Public Facilities Authority. The Foundation's portion of the borrowing was \$12,725,000. The Foundation is scheduled to repay the funds borrowed in 2022. The borrowed proceeds from the issuance were used to help fund several construction projects including the Shaw Center for the Arts. The unused bond proceeds are currently invested in short-term investments with the trustee bank.

Interest is currently being paid using a weekly rate as determined by the remarketing agent. The interest rates at June 30, 2008 and 2007 were 2.98% and 5.05%, respectively. Total interest expense incurred on the bonds for the years ended June 30, 2008 and 2007 was \$327,971 and \$512,613, respectively. The bonds are collateralized by future revenues of the Foundation.

The principal portion of the current outstanding debt is scheduled to mature as follows:

Year ending June 30,	
2009	\$ 628,395
2010	628,395
2011	628,395
2012	628,395
2013	628,395
2014-2018	3,141,975
2019-2022	2,501,050
	<u>\$ 8,785,000</u>

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**15. Line of Credit**

In December 2007, the Foundation entered into an agreement with a financial institution for an unsecured \$10,000,000 revolving line of credit of which \$3,918,700 was unused as of June 30, 2008. Interest payments are required annually. Any unpaid principal and accrued interest is due on June 20, 2010. The line of credit has a variable interest rate determined at the per annum LIBOR for United States Dollars established by the British Bankers Association for interest periods of thirty days plus .63%. The interest rate as of June 30, 2008 was 3.09%. Total interest expense incurred on the line of credit for the year ended June 30, 2008 was \$125,966.

**16. Investment in Shaw Center for the Arts**

The LSU Foundation is a 50% investor in the Shaw Center for the Arts, LLC. The investment recorded on the statements of financial position, \$19,366,959 and \$19,962,538 at June 30, 2008 and 2007, respectively, is accounted for by the equity method. The summarized unaudited financial information as of June 30, 2008 and audited financial information as of June 30, 2007 of the Shaw Center for the Arts, LLC is as follows:

	<u>2008</u>	<u>2007</u>
Total assets	\$ <u>38,810,138</u>	\$ <u>40,019,952</u>
Total liabilities	\$ <u>76,220</u>	\$ <u>126,682</u>
Net loss	\$ <u>(1,159,353)</u>	\$ <u>(1,091,956)</u>

**17. Transactions with the University**

The Foundation has certain transactions in the normal course of operations with the University. The transactions consist of reimbursement for salaries, which are processed by the University and reimbursement for certain expenses paid by the University on behalf of the Foundation, such as payments of scholarships. The amount owed to the University at June 30, 2008 and 2007 for these types of expenses was \$1,667,087 and \$1,309,291 respectively.

The University provides insurance liability coverage to the Foundation under the University's coverage through the Office of Risk Management which was created within the Division of Administration of the State of Louisiana pursuant to LRS 39:527-547. The insurance coverage provides a \$5 million self-insurance fund. Effective July 1, 2008, the Foundation's Board of Directors approved the privatization of its insurance coverage.

**18. Development Expenses**

The Foundation incurred expenses totaling \$4,125,758 and \$3,425,989 for the years ending June 30, 2008 and 2007, respectively, relating to development and fundraising. Such amounts are included in supporting services in the accompanying statements of activities.

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**19. Capital Campaign**

In 2006, the University publicly announced the largest capital campaign in the University's history. The University is currently in the active phase of the campaign, known as "Forever LSU: The Campaign for Louisiana State University," the goal of which is to raise \$750 million by the year 2010. The Foundation plays a major leadership role in the fundraising efforts for the campaign.

**SUPPLEMENTAL INFORMATION**  
**ANNUAL FINANCIAL STATEMENT REPORTING PACKET**  
**FORMATTED FOR INCLUSION IN THE ANNUAL FINANCIAL STATEMENTS**  
**OF THE LOUISIANA STATE UNIVERSITY SYSTEM**

**INDEPENDENT AUDITORS' REPORT**  
**ON SUPPLEMENTAL INFORMATION**

The Board of Directors  
LSU Foundation  
Baton Rouge, Louisiana

Our report on the audit of the consolidated financial statements of the LSU Foundation, the LSU Property Foundation, the LSU Marine Property Foundation, and the LSU Museum, LLC, as of and for the year ended June 30, 2008, appears on page 1. That audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The Annual Financial Statement Reporting Packet, presented as supplementary information, is not a required part of the basic financial statements, but is supplementary information required by the Louisiana State University System. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
August 21, 2008

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENT OF NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 22,894,436
Investments	58,658,251
Accounts receivable, net	238,167
Pledges receivable	11,006,637
Due from other campuses	-
Due from State Treasury	-
Due from Federal Government	-
Inventories	-
Deferred charges and prepaid expenses	8,800
Notes receivable	-
Other current assets	1,894,182
Total current assets	<u>94,700,473</u>

**Noncurrent Assets**

Restricted assets:	
Cash and cash equivalents	-
Investments	353,523,848
Accounts receivable, net	-
Notes receivable	-
Other	1,214,912
Investments	19,366,959
Pledges receivable	28,959,126
Notes receivable	-
Capital assets, net	13,196,387
Assets under capital leases, net	-
Other noncurrent assets	413,512
Total noncurrent assets	<u>416,674,744</u>

<b>Total assets</b>	<b><u>\$ 511,375,217</u></b>
---------------------	------------------------------



## LIABILITIES

### **Current Liabilities**

Accounts payable and accrued liabilities	\$ 2,198,193
Due to other campuses	-
Due to State Treasury	-
Due to Federal Government	-
Deferred revenues	-
Amounts held in custody for others	8,932,225
Compensated absences payable	233,157
Capital lease obligations	-
Claims and litigations payable	-
Notes payable	-
Contracts payable	-
Reimbursement contracts payable	-
Bonds payable	628,395
Other current liabilities	200,177
Total current liabilities	<u>12,192,147</u>

### **Noncurrent Liabilities**

Amounts held in custody for others	76,770,260
Compensated absences payable	-
Capital lease obligations	-
Claims and litigations payable	-
Notes payable	-
Contracts payable	-
Reimbursement contracts payable	-
OPEB payable	-
Bonds payable	8,156,605
Other noncurrent liabilities	6,081,300
Total noncurrent liabilities	<u>91,008,165</u>

### **Total liabilities**

\$ 103,200,312

## NET ASSETS

Invested in capital assets, net of related debt	13,196,387
Nonexpendable	186,012,790
Expendable	189,718,046
Unrestricted	19,247,682
Total net assets	<u><u>\$ 408,174,905</u></u>

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**OPERATING REVENUES**

Student tuition and fees	\$ -
Less scholarship allowances	-
Net student tuition and fees	-
Gifts received by the foundations	32,553,943
Endowment income (component units only)	(29,717,003)
Federal appropriations	-
Federal grants and contracts	-
State and local grants and contracts	-
Nongovernmental grants and contracts	-
Sales and services of educational departments	-
Hospital income	-
Auxiliary enterprise revenues, including revenues pledged as security for bond issues	-
Less scholarship allowances	-
Net auxiliary revenues	-
Other operating revenues	-
<b>Total operating revenues</b>	<b>2,836,940</b>

**OPERATING EXPENSES**

Educational and general	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Scholarships and fellowships	-
Auxiliary enterprises	-
Hospital	-
Other operating expenses	7,251,819
<b>Total operating expenses</b>	<b>7,251,819</b>
<b>Operating income (loss)</b>	<b>(4,414,879)</b>

**LSU FOUNDATION**  
**BATON ROUGE, LOUISIANA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**NONOPERATING REVENUES AND (EXPENSES)**

State appropriations	\$ -
Gifts	-
Net investment income (loss)	15,192,811
Interest expense	-
Payments to or on behalf of the university	(23,386,045)
Other nonoperating revenues (expenses)	<u>(168,900)</u>
<b>Net nonoperating revenues (expenses)</b>	<u><b>(8,362,134)</b></u>
<b>Income before other revenues, expenses,</b>	
<b>gains, and losses</b>	<u><b>(12,777,013)</b></u>
 Capital appropriations	 -
Capital gifts and grants	-
Additions to permanent endowments	12,251,203
Other additions, net	-
Extraordinary item - loss on impairment of capital assets	<u>-</u>
 <b>Increase (decrease) in net assets</b>	 <b>(525,810)</b>
 <b>Net assets at beginning of year</b>	 <b>408,700,715</b>
 <b>Net assets at end of year</b>	 <u><u><b>\$ 408,174,905</b></u></u>

Note A. 15 Component Units

Each component unit should provide the following:

Note A. 15 Component Units

1. A brief description of the component unit.

The LSU Foundation is a legally separate, tax-exempt organization supporting the LSU System, specifically the following campus: Baton Rouge. This foundation was included in the university's financial statements because its assets equaled 3% or more of the assets of the university system it supports.

During the year ended June 30, 2008, the LSU Foundation made distributions to or on behalf of the university for both restricted and unrestricted purposes in the amount of : \$ 23,386,045

Complete financial statements for the LSU Foundation can be obtained from:

3838 West Lakeshore Drive, Baton Rouge, LA 70808  
(mailing address)

or from the foundation's website at: [www.lsufoundation.org](http://www.lsufoundation.org)

The LSU Foundation is a nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundation's financial information in the university's financial report for these differences.

Component Unit

**SCHEDULE OF CAPITAL ASSETS**  
(schedule includes capital leases)

	Balance 6/30/2007	Prior Period Adjustment	Restated Balance 6/30/2007	Additions	Transfers	Retirements	Balance 6/30/2008
<b>Capital assets not being depreciated</b>							
Land	\$ 178,912	\$ -	\$ 178,912	\$ 8,081,300	\$ -	\$ (19,812)	\$ 6,238,400
Non-depreciable land improvements	-	-	-	-	-	-	-
Capitalized collections	9,871,608	-	9,871,608	1,240,573	-	(3,238,908)	4,873,273
Livestock	-	-	-	100,000	-	-	100,000
Construction in progress	1,430,316	-	1,430,316	814,747	(416,827)	(207,750)	1,620,486
<b>Total capital assets not being depreciated</b>	<b>\$ 8,478,836</b>	<b>\$ -</b>	<b>\$ 8,478,836</b>	<b>\$ 8,236,620</b>	<b>\$ (416,827)</b>	<b>\$ (3,458,468)</b>	<b>\$ 12,832,161</b>
<b>Other capital assets</b>							
Infrastructure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less accumulated depreciation	-	-	-	-	-	-	-
<b>Total infrastructure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciable land improvements</b>							
Less accumulated depreciation	-	-	-	39,850	-	-	39,850
<b>Total land improvements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,494)</b>	<b>-</b>	<b>-</b>	<b>(1,494)</b>
<b>Buildings</b>	<b>137,146</b>		<b>137,146</b>				<b>137,146</b>
Less accumulated depreciation	(27,714)	-	(27,714)	(8,857)	-	-	(34,571)
<b>Total buildings</b>	<b>109,432</b>	<b>-</b>	<b>109,432</b>	<b>(8,857)</b>	<b>-</b>	<b>-</b>	<b>102,575</b>
<b>Equipment</b>	<b>4,764,923</b>		<b>4,764,923</b>	<b>81,425</b>		<b>(320,109)</b>	<b>4,526,239</b>
Less accumulated depreciation	(4,418,095)	-	(4,418,095)	-	(117,070)	230,221	(4,302,944)
<b>Total equipment</b>	<b>346,828</b>	<b>-</b>	<b>346,828</b>	<b>81,425</b>	<b>(117,070)</b>	<b>(89,888)</b>	<b>223,295</b>
<b>Library books</b>							
Less accumulated depreciation	-	-	-	-	-	-	-
<b>Total library books</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total other capital assets</b>	<b>\$ 458,260</b>	<b>\$ -</b>	<b>\$ 458,260</b>	<b>\$ 112,924</b>	<b>\$ (117,070)</b>	<b>\$ (89,888)</b>	<b>\$ 364,226</b>
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	\$ 8,478,836	\$ -	\$ 8,478,836	\$ 8,236,620	\$ (416,827)	\$ (3,458,468)	\$ 12,832,161
Other capital assets, at cost	4,902,069	-	4,902,069	121,275	-	(320,109)	4,703,235
<b>Total cost of capital assets</b>	<b>13,380,905</b>	<b>-</b>	<b>13,380,905</b>	<b>8,357,895</b>	<b>(416,827)</b>	<b>(3,788,577)</b>	<b>17,535,396</b>
Less accumulated depreciation	(4,443,809)	-	(4,443,809)	(8,351)	(117,070)	230,221	(4,339,009)
<b>Capital assets, net</b>	<b>\$ 8,937,096</b>	<b>\$ -</b>	<b>\$ 8,937,096</b>	<b>\$ 8,349,544</b>	<b>\$ (533,897)</b>	<b>\$ (3,558,356)</b>	<b>\$ 13,196,387</b>

\* Should be used only for those completed projects coming out of construction-in-progress to fixed assets.

\*\* Enter a negative number with the exception of accumulated depreciation in the retirement and prior period adjustment column.

**Note I. Bonds & notes payable & capital leases.**

Campuses and component units complete the appropriate section.

System	Year ended June 30, 2008				
	Balance June 30, 2007	Additions	Reductions	Balance at June 30, 2008	Amounts due within one year
<b>Notes &amp; bonds payable:</b>					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total bonds and notes payable	-	-	-	-	-
<b>Other liabilities:</b>					
Compensated absences payable	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Claims and litigation payable	-	-	-	-	-
Amounts held in custody for others	-	-	-	-	-
Contracts payable	-	-	-	-	-
Reimbursement contracts payable	-	-	-	-	-
OPEB Payable	-	-	-	-	-
Total other liabilities	-	-	-	-	-
Total long-term liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Component Units</b>					
	Balance June 30, 2007	Additions	Reductions	Balance at June 30, 2008	Amounts due within one year
<b>Notes &amp; bonds payable:</b>					
Notes payable	-	-	-	-	-
Bonds payable	11,940,000	-	3,155,000	8,785,000	628,395
Total bonds and notes payable	11,940,000	-	3,155,000	8,785,000	628,395
<b>Other liabilities:</b>					
Compensated absences payable	158,725	74,432	-	233,157	233,157
Capital lease obligations	-	-	-	-	-
Claims and litigation payable	-	-	-	-	-
Amounts held in custody for others	75,494,394	10,208,091	-	85,702,485	8,932,225
Contracts payable	-	-	-	-	-
Reimbursement contracts payable	-	-	-	-	-
OPEB Payable	-	-	-	-	-
Other liabilities	-	6,081,300	-	6,081,300	-
Total other liabilities	75,653,119	16,363,823	-	92,016,942	9,165,382
Total long-term liabilities	\$ 87,593,119	\$ 16,363,823	\$ 3,155,000	\$ 100,801,942	\$ 9,793,777
<b>Combined Total</b>					
	Balance June 30, 2007	Additions	Reductions	Balance at June 30, 2008	Amounts due within one year
<b>Notes &amp; bonds payable:</b>					
Notes payable	-	-	-	-	-
Bonds payable	11,940,000	-	3,155,000	8,785,000	628,395
Total bonds and notes payable	11,940,000	-	3,155,000	8,785,000	628,395
<b>Other liabilities:</b>					
Compensated absences payable	158,725	74,432	-	233,157	233,157
Capital lease obligations	-	-	-	-	-
Claims and litigation payable	-	-	-	-	-
Amounts held in custody for others	75,494,394	10,208,091	-	85,702,485	8,932,225
Contracts payable	-	-	-	-	-
Reimbursement contracts payable	-	-	-	-	-
OPEB Payable	-	-	-	-	-
Other liabilities	-	6,081,300	-	6,081,300	-
Total other liabilities	75,653,119	16,363,823	-	92,016,942	9,165,382
Total long-term liabilities	\$ 87,593,119	\$ 16,363,823	\$ 3,155,000	\$ 100,801,942	\$ 9,793,777

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

**Note P. Capital Leases****Campuses and component units complete the appropriate section.**

Does your campus record items under capital leases as an asset and an obligation in the accompanying financial statements?

Yes / No  
N/A

Report all capital leases (including LA Equipment Acquisition Fund [LEAF] leases) in effect as of 6/30/2008.

**UNIVERSITYSYSTEM CAPITAL LEASES**

<u>Nature of lease</u>	<u>Date of lease</u>	<u>Gross amount of leased assets (historical cost)</u>	<u>Last payment date</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	<u>N/A</u>	\$ _____	_____	\$ _____	\$ _____
b. Equipment	<u>N/A</u>	_____	_____	_____	_____
c. Land	<u>N/A</u>	_____	_____	_____	_____
d. Buildings	<u>N/A</u>	_____	_____	_____	_____
Total assets under cap. lease		\$ <u>          -          </u>		\$ <u>          -          </u>	\$ <u>          -          </u>

**COMPONENT UNIT CAPITAL LEASES**

<u>Nature of lease</u>	<u>Date of lease</u>	<u>Gross amount of leased assets (historical cost)</u>	<u>Last payment date</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	<u>N/A</u>	\$ _____	_____	\$ _____	\$ _____
b. Equipment	<u>N/A</u>	_____	_____	_____	_____
c. Land	<u>N/A</u>	_____	_____	_____	_____
d. Buildings	<u>N/A</u>	_____	_____	_____	_____
Total assets under cap. lease		\$ <u>          -          </u>		\$ <u>          -          </u>	\$ <u>          -          </u>

Note P. Lease Payments

**Campuses and component units complete the appropriate column**

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2008.

**Note: This schedule is not applicable to LSU Foundation.**

<u>Year ending June 30:</u>	<u>Future minimum lease payment:</u>		<u>Total:</u>
	<u>University/System</u>	<u>Component Units:</u>	
2009	\$ _____	\$ _____	\$ _____
2010	_____	_____	_____
2011	_____	_____	_____
2012	_____	_____	_____
2013	_____	_____	_____
2014-2018	_____	_____	_____
2019-2023	_____	_____	_____
2024-2028	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Total minimum lease payments	-	-	-
<b>Less:</b> amounts representing executory costs	_____	_____	_____
Net minimum lease payments	-	-	-
<b>Less:</b> amounts representing interest	_____	_____	_____
Present value - net minimum lease payments	-	-	-

Note: If lease payments extend past FY2028 create additional rows and report these future minimum lease payments in five year increments. I've added three rows for you just in case you need them. You may need to add more.



Note P. Lessor Direct Financing Leases

**Campuses and component units complete the appropriate section**

<u>University/System</u> <u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease</u> <u>payment</u> <u>receivable</u>	<u>Remaining</u> <u>interest to</u> <u>end of lease</u>	<u>Remaining</u> <u>principal to</u> <u>end of lease</u>
a. Office Space	<u>N/A</u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>
b. Equipment	<u>N/A</u>	<u>          </u>	<u>          </u>	<u>          </u>
c. Land	<u>N/A</u>	<u>          </u>	<u>          </u>	<u>          </u>
Less amounts representing executory costs	(	)	(	)
Minimum lease payment receivable	-	-	-	-
Less allowance for doubtful accounts	(	)	(	)
Net minimum lease payments receivable	-	-	-	-
Estimated residual values of leased property		<u>          </u>	<u>          </u>	<u>          </u>
		-	-	-
Less unearned income	(	)	(	)
Net investment in direct financing leases	\$	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>

<u>Component Unit(s)</u> <u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease</u> <u>payment</u> <u>receivable</u>	<u>Remaining</u> <u>interest to</u> <u>end of lease</u>	<u>Remaining</u> <u>principal to</u> <u>end of lease</u>
a. Office Space	<u>N/A</u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>
b. Equipment	<u>N/A</u>	<u>          </u>	<u>          </u>	<u>          </u>
c. Land	<u>N/A</u>	<u>          </u>	<u>          </u>	<u>          </u>
Less amounts representing executory costs	(	)	(	)
Minimum lease payment receivable	-	-	-	-
Less allowance for doubtful accounts	(	)	(	)
Net minimum lease payments receivable	-	-	-	-
Estimated residual values of leased property		<u>          </u>	<u>          </u>	<u>          </u>
		-	-	-
Less unearned income	(	)	(	)
Net investment in direct financing leases	\$	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>

Minimum lease payments do not include contingent rentals, which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2008 were:

<u>N/A</u>	for office space
<u>N/A</u>	for equipment
<u>N/A</u>	for land

Note P. Future Minimum Lease Receivables

Campuses and component units complete the appropriate column

**Note: This schedule is not applicable to LSU Foundation.**

The following is a schedule by years of minimum lease receivable for the remaining fiscal years of the lease as of June 30, 2008:

Year ending _____:	Future minimum lease receivables:		
	University/System	Component Unit(s)	Total
2009	\$ _____	\$ _____	\$ _____
2010	_____	_____	_____
2011	_____	_____	_____
2012	_____	_____	_____
2013	_____	_____	_____
2014-2018	_____	_____	_____
2019-2023	_____	_____	_____
2024-2028	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

Note: If lease receivables extend past FY2028 create additional rows and report these future minimum lease receivables in five year increments. I've added three rows for you just in case you need them. You may need to add more.

Note T. Prior Year Restatement of Net Assets

**Campuses and component units complete the appropriate section**

The following adjustments were made to restate beginning net assets for July 1, 2007.

	<u>University/System</u>	<u>Component Unit (s)</u>	<u>Total</u>
Ending net assets 6/30/07 as reported to OSRAP on PY AFR	\$ _____	\$ 408,700,715	\$ 408,700,715
Adjustments to ending net assets 6/30/07 (after AFR) was submitted to OSRAP (+ or -)	_____	-	-
<b>Total</b>	\$ -	\$ 408,700,715	\$ 408,700,715
<b>Restatements (adjustments to beg. Balance 7/1/07) (+ or -)</b>	_____	_____	-
Beginning net assets 7/1/2007, as restated	\$ -	\$ 408,700,715	\$ 408,700,715

Explanation: (List below)

_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
<b>Total</b>	_____

**Each adjustment must be explained in detail**

NOTE: Net Assets at July 1, 2007, previously reported, must correspond to Net Assets at June 30, 2007 per information received from OSRAP.

**SCHEDULE 1-A COMPONENT UNIT**

Please update the amounts from last year as necessary

**STATE OF LOUISIANA**

Louisiana State University System

**SCHEDULE OF BONDS PAYABLE**

June 30, 2008

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/07	(Redeemed) Issued	Principal Outstanding 6/30/2008 *	Interest Rates	Interest Outstanding 6/30/08
<b>LSU Foundation</b>							
Pooled Loan Program Revenue	04/01/03	\$ 12,725,000	\$ 11,940,000	\$ (3,155,000)	\$ 8,785,000	variable	\$ 2,983,480
Bonds Series 2003A		\$ 12,725,000	\$ 11,940,000	\$ (3,155,000)	\$ 8,785,000		\$ 2,983,480
Total							

Send copies of new amortization schedules for each new bond issuance for the component units included in the university's financial statements.

SCHEDULE 1-A (Component Unit)

**SCHEDULE 1-B COMPONENT UNIT**

STATE OF LOUISIANA

Put Component Unit Name Here

**SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE**  
June 30, 2008

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/07	Issued (Redeemed)	Principal Outstanding 6/30/08 *	Interest Rates	Interest Outstanding 6/30/08
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total		\$ -	\$ -	\$ -	\$ -		\$ -

\* Note: Principal outstanding at 6/30/06 should agree to Contracts Payable on the Statement of Net Assets.

Send copies of new amortization schedules

SCHEDULE 1-B (Component Unit)

# Schedule 1-C COMPONENT UNIT

## STATE OF LOUISIANA Louisiana State University System SCHEDULE OF NOTES PAYABLE June 30, 2008

The Foundation does not have any notes payable.

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/07	(Redeemed) Issued	Principal Outstanding 6/30/2008 *	Interest Rates	Interest Outstanding 6/30/08
<u>LSU Foundation</u>	N/A	\$ -	\$ -	\$ -	\$ -	-	-
Total		\$ -	\$ -	\$ -	\$ -	-	-

\* Note: Principal outstanding at 6/30/08 should agree to Notes Payable on the Statement of Net Assets.

Send copies of new amortization schedules

## SCHEDULE 1-C (Component Unit)

Schedule 2-A COMPONENT UNIT

LSU Foundation

Schedule of Bonds Payable Amortization  
for the Year Ended June 30, 2008

Fiscal Year Ending	Principal	Interest	Total
2009	628,395	36,970	665,365
2010	628,395	421,578	1,049,973
2011	628,395	389,099	1,017,494
2012	628,395	356,620	985,015
2013	628,395	324,141	952,536
2014	628,395	291,662	920,057
2015	628,395	259,183	887,578
2016	628,395	226,704	855,099
2017	628,395	194,226	822,621
2018	628,395	161,747	790,142
2019	628,395	129,268	757,663
2020	628,395	96,789	725,184
2021	628,395	64,310	692,705
2022	615,865	31,183	647,048
2023			0
2024			0
2025			0
2026			0
2027			0
2028			0
2029			0
2030			0
2031			0
2032			0
2033			0
2034			0
2035			0
2036			0
2037			0
2038			0
<b>TOTAL</b>	<b>\$8,785,000</b>	<b>\$2,983,480</b>	<b>\$11,768,480</b>

List the terms by which interest rate changes for variable-rate debt:

Interest is paid using a weekly rate as determined by the remarketing agent. The interest rate at June 30, 2008 was 5.05%. The bonds are collateralized by future revenues of the Foundation.

Schedule 2-A (Component Unit)

Schedule 2-B COMPONENT UNIT

LSU Foundation

Schedule of Notes Payable Amortization  
for the Year Ended June 30, 2008

Fiscal Year Ending	Principal	Interest	Total
2009	N/A	N/A	N/A
2010	N/A	N/A	N/A
2011	N/A	N/A	N/A
2012	N/A	N/A	N/A
2013	N/A	N/A	N/A
2014-2018	N/A	N/A	N/A
2019-2023	N/A	N/A	N/A
2024-2028	N/A	N/A	N/A
2029-2033	N/A	N/A	N/A
2034-2038	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

List the terms by which interest rate changes for variable-rate debt:

--

Schedule 2-B (Component Unit)



## Schedule 2-C Component Unit

LSU Foundation

### SCHEDULE OF CAPITAL LEASE AMORTIZATION For the Year Ended June 30, 2008

Fiscal Year Ending	Beginning Balance	Payment	Interest	Principal	Balance
2009	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
2014-2018	N/A	N/A	N/A	N/A	N/A
2019-2023	N/A	N/A	N/A	N/A	N/A
2024-2028	N/A	N/A	N/A	N/A	N/A
2029-2033	N/A	N/A	N/A	N/A	N/A
2034-2038	N/A	N/A	N/A	N/A	N/A
<hr/>					
<b>TOTAL</b>	-	-	-	-	-

List the terms by which interest rate changes for variable-rate debt:

Not applicable.

Schedule 2-C (Component Unit)

Schedule 2-D Component Unit

LSU Foundation

Schedule of Reimbursement Contracts Payable Amortization  
for the Year Ended June 30, 2008

<u>Fiscal Year</u>			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	
2009	N/A	N/A	
2010	N/A	N/A	
2011	N/A	N/A	
2012	N/A	N/A	
2013	N/A	N/A	
2014	N/A	N/A	
2015	N/A	N/A	
2016	N/A	N/A	
2017	N/A	N/A	
2018	N/A	N/A	
2019	N/A	N/A	
2020	N/A	N/A	
2021	N/A	N/A	
2022	N/A	N/A	
2023	N/A	N/A	
2024	N/A	N/A	
2025	N/A	N/A	
2026	N/A	N/A	
2027	N/A	N/A	
2028	N/A	N/A	
2029	N/A	N/A	
2030	N/A	N/A	
2031	N/A	N/A	
2032	N/A	N/A	
2033	N/A	N/A	
2034	N/A	N/A	
2035	N/A	N/A	
2036	N/A	N/A	
2037	N/A	N/A	
2038	N/A	N/A	
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	

List the terms by which interest rate changes for variable-rate debt:

Not applicable.

Schedule 2-D (Component Unit)

System Office Note 17: Restricted Net Assets - Component Units

Please report the composition of your restricted assets. If none, please indicate so on the form.

	LSU Foundation	Tiger Athletic Foundation	UNO R & T Foundation	Pennington Medical Foundation	HSC N.O. Foundation
<b>Temporarily restricted:</b>					
Chairs and professorships	49,030,124				
Scholarships and fellowships	26,038,331				
Specific academic and research projects	25,155,332				
Academic support	37,367,449				
Capital outlay and improvements	29,213,148				
Research support	4,478,512				
Institutional support	18,435,150				
Faculty - salary supplements	-				
Donor restrictions	-				
Restricted contributions receivable	-				
Restricted accounts payable	-				
Building funds	-				
Educational studies program	-				
<b>Total temporarily restricted</b>	<b>189,718,046</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Permanently restricted:</b>					
Chairs and professorships	93,120,684				
Scholarships and fellowships	44,537,533				
Specific academic and research projects	26,088,514				
Academic support	16,242,052				
Capital outlay and improvements	808,403				
Research support	1,727,565				
Institutional support	3,488,039				
Endowment Funds	-				
Educational studies program	-				
Faculty - salary supplements	-				
<b>Total permanently restricted</b>	<b>186,012,790</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**System Note 25. Cooperative Endeavor Agreements - Component Units**

Below is the language included in the FY 07 financial statements regarding significant cooperative endeavor agreements entered into by your foundation. Please carefully review and update as necessary the portion that applies to your foundation.

**If your foundation discloses a cooperative endeavor agreement in its financial report please include the disclosure in the second text box below.**

**LSU Foundation**

Not applicable.

**System Note 25. Amounts Held in Custody for Others - Component Units**

Shown are the amounts reported for FY 07. Please update for your Foundation for FY 08 (or year ending 12/31/07)

Entity	LSU Foundation	Tiger Athletic Foundation*	LSU Health Sciences Center Foundation	UNO Research and Technology Foundation	Pennington Medical Foundation*	Total
LSU at Alexandria Foundation	11,901,134					11,901,134
LSU at Eunice Foundation	1,662,790					1,662,790
State matching funds	62,317,428					62,317,428
Split-interest agreements	1,835,922					1,835,922
Tiger Athletic Foundation	4,224,165					4,224,165
Coaches escrow accounts	-					-
Various affiliated organizations	-					-
Building tenant security deposits	-					-
Total temporarily restricted	<u>\$81,941,439</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$81,941,439</u>

\*As of December 31, 2007